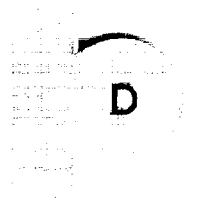


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THE WHITE HOUSE

Washington

December 20, 1956

Dear Mr. Dulles:

Transmitted herewith for your information and action is an extract from Cabinet Record of Action RA - 56-63 from the meeting of Friday, December 14, 1956. This extract is a statement of budget policy set forth by the President at this meeting and is applicable to the entire Executive Branch.

"1. The Budget Outlook

ACTION:

The President set forth the following principles of budget policy which are to guide the Administration for the remainder of FY 1957 and for FY 1958:

- a) New hiring is to take place only after a review has demonstrated that a vacated position cannot be abolished or filled by transfer.
- b) The rate of expenditures for construction for which obligational authority either is now available or may be granted by Congress is to be held to the economic minimum, and requests for new obligational authority for construction are to be made for essential projects only, in order that federal spending will not increase the competing pressures for money, manpower, materials and equipment.
- c) It will be the personal responsibility of each Department and Agency Head to implement these principles within his organization, and to hold his operating subordinates correspondingly responsible."

Sincerely,

/s/ Maxwell M. Rabb

Maxwell M. Rabb  
Secretary to the Cabinet

The Honorable Allen Welsh Dulles  
Director of Central Intelligence  
Washington, D. C.

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